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# **Female and Male Entrepreneurs in Sweden and the Netherlands:**

## **A Test of Liberal and Social Feminism**

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SOM theme B: Inter-firm Coordination and Change: Marketing and  
Networks

SOM theme D: Demography and Geography

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## **Abstract**

After chronicling a brief history of women and work in Sweden and the Netherlands and summarizing previous research in this area, we outline the central premises of liberal and social feminism. We do this by replicating the study of Fischer et al. (1993) that also investigates these two theories. We test four central hypotheses, using data from the INTERSTRATOS project (INTERnationalization of STRATegic Orientation of Small- and medium-sized enterprises). Our comparison of women's and men's businesses both in Sweden and the Netherlands finds support for liberal feminist theories (female entrepreneurs leave fulltime education earlier, own smaller businesses and have fewer years of experience than male entrepreneurs) and finds virtually no support for the social feminist argument (female entrepreneurs have almost the same opinions about doing business as male entrepreneurs) in both countries. We test cultural reasons why entrepreneurs might differ in opinion in two hypotheses which compare attitudinal variations between female business owners in Sweden and the Netherlands. We assume that it is not the sex that makes people differ in world views, but that culture is an important factor in building attitudes and opinions. Female entrepreneurs in Sweden and the Netherlands react in different ways, supporting the socialization impact of culture.

# I. Introduction

Many research projects have been undertaken comparing the differences between female- and male-owned small- and medium-sized enterprises (SMEs). They often focus on the simple comparison of these businesses and the fact that women's businesses are more abundant, yet frequently, less successful. It is commonly assumed that the business owner's sex and is the major determinant of the way they do business. These mostly descriptive research projects often lack theoretical underpinnings and for that reason may be missing the truly significant factors behind the differences in doing business for women and men. Replicating a study conducted by Fischer et al. (1993) and with the aid of liberal and social feminist arguments, we attempt to test whether sex is an indicator of the difference between business ventures.

After chronicling a brief history of women and work in Sweden and the Netherlands, and summarizing previous research in this area, we outline the central premises of liberal and social feminism. We test four central hypotheses developed from these theories using data from the INTERSTRATOS project (INTERnationalization of STRATegic Orientation of Small- and medium-sized enterprises)<sup>1</sup>. Our comparison of women's and men's businesses in Sweden and the Netherlands yields varied support for liberal feminist theories and virtually no support for the social feminist argument. Therefore, we test a further explanation in two hypotheses that compare attitudinal variations among female business owners in Sweden and the Netherlands.

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<sup>1</sup> The international group of researchers known as the INTERSTRATOS group consists of J.Hanns Pichler, Erwin Fröhlich, Inga Fröhlich, and Peter Voithofer (Austria), Rik Donckels and Ria Aerts (Belgium), Graham Hall (Great Britain), Antti Haahti, Allan Lehtimäki†, and Petri Ahokangas (Finland), Koos van Dijken, Yvonne Princen, and Liane Voerman (The Netherlands), Per-Anders Havnes, Arild Saether, and Johanne Sletten (Norway), Håkan Boter and Carin Holmquist (Sweden), Margrit Habersaat and Hans J. Pleitner (Switzerland).

## **II. History of women and work**

### **1. History of women and work in Sweden**

During the late 1960s, many Swedish labour market, tax and family related policies were created and implemented to facilitate the upsurge of dually employed families. As a result, the labour force participation rate in Sweden for women and men in the 1990s is virtually the same. In fact, the participation rate of Swedish women between the ages of 20 to 64 years is 84 percent, which is almost twice the rate of the European Community (Vagero, 1994). This high labour force participation rate for Swedish women has been present from the beginning of this century, with a small decrease in the 1940s and 1950s, and a steady rise from the 1960s until today (Nyberg, 1994). Three policies brought Swedish women into the labour market, namely the introduction of separate taxation in 1971, the extension of child day care services during the 1970s and 1980s, and the introduction of a one year child care parental leave in 1974 (Lewis and Astrom, 1992, Joshi and Davies, 1992). In Sweden, all adults are assumed to be paid workers, therefore, policies effectively treating men and women equally were developed. As a result, the equality and difference debate between the sexes was resolved and arguably made irrelevant. The key to these policies is that they economically value women's household child care work within the labour market, with women caring for children in the home receiving 90 percent of their replacement income.

This challenges the recurrent demographic debate regarding the incompatibility of paid work and motherhood as a consequence of existing gender structures and power relations within the family. This incompatibility is often related to below replacement fertility levels in industrial countries where a high labour force participation rate of women is present. However, if the gender structures are modified within a country, such

as Sweden did, this conflict is seemingly eradicated and the birth rate rises to near replacement level. The high labour force participation of women in Sweden has not negatively influenced fertility, because of Sweden's implementation of progressive child care, parental and tax policies. In fact, the policies may have stimulated women holding the simultaneous roles of motherhood and paid work by reducing the costs of having children (Sundstrom and Stafford, 1992). In 1983, Sweden also introduced further tax reforms that increased taxes for part-time workers and offered lower marginal tax rates for full-time workers. Sundstrom (1993) analysed Swedish Labour Force Surveys from 1986 to 1990 and found that all groups of women significantly shifted from part-time to full-time employment after the tax reforms. She argued that: "[e]xtended facilities for public child care allowed part-time working mothers with younger school children to increase their weekly workload to full-time". Hoem and Hoem (1988) conclude that: "public policies influence working life and people's private economic situation more strongly than in many other Western countries". The promotion of gender equality and importance of women's labour market work may account for Sweden's deviations from European and international fertility and labour market trends.

Widerberg (1991) agrees that the Swedish parental legislation is one of the best in the world. However, she attempted to test if this progressive law translated into increased equality between men and women at work as well as in the home. Results showed that, in fact, the overall gender structure of the labour market was not significantly changed and women remained within the same working conditions and occupations as before the law. The trickle-down effects of the progressive policies then, could not produce more equality in the home if they did not produce any differences in the public sphere. An additional 1987/88 questionnaire of 1,359 professionals in Sweden also showed that Swedish professional women are not equal with their male counterparts. In fact, they had only 68 percent of the supervisory positions and earned 77 percent of the income that men had (Mueller et al., 1994:560). The authors concluded that although differences in human capital and structural resources disadvantage women, the major

factor of occupational segregation explains the gender gap between men and women in the labour force in Sweden (Mueller et al., 1994, Sundin, 1996). This is partially attributed to lack of technical competence and qualifications of women for certain jobs. As we will show later, this is consistent with the Liberal Feminist Theory.

To conclude, women in Sweden have substantially higher rates of labour force participation than in many countries, including the Netherlands. This can be attributed to the structural and progressive tax, child care and parental policies carried out by the government to equalize women and men in the labour market. However, although labour force participation is higher, women are still disadvantaged in areas of income, opportunity for supervisory positions and experience occupational segregation.

## **2. History of women and work in the Netherlands**

The history and current participation of women in the labour market in the Netherlands differs substantially from the Swedish experience. These variations are apparent in the values towards working women (in particular working mothers) and differences in policies of child care, taxes and parental leave for working women.

The autonomy and equality of women in the Netherlands did not follow a straight line, rather, it has travelled down an undulating path. It began from “potential equality at the end of the eighteenth century to complete subjugation to the family in the first half of the nineteenth century, the concept of equal rights that slowly gained ground between 1860 and 1920, the descent into apathy from 1920 to 1965, with a small upward wave around 1935, and a new appeal...for equal opportunities beginning in the 1970s” (Hogewe de Haart, 1978). A telling indicator is also the labour force participation rate of women. Whereas the labour force participation rate of working age women in Sweden was 84 percent in 1993 (Vagero, 1994), it rose from 47.6 percent in 1986 to 59.7 percent in 1993 for women in the Netherlands (Statistics Netherlands, 1990, 1996). Especially,

throughout history, the right to work of married women and particularly mothers has been severely questioned. In fact, official policies discouraged and even forbid married women to work until the late 1950s (Hogewe de Haart, 1978).

Morcee (1994) documented working mothers in the Netherlands between 1950 and 1990 and found that women lived with inequalities at home and work, or by constant negotiation with husbands and colleagues. In the 1950s, women were expected to be the sole care providers in the home, but were still needed to work in typical female occupational sectors such as nursing, teaching young children, and secretarial work. Often their personal feelings about work and their own needs were subordinated to their husband's or children's needs. An opinion poll conducted in 1965 showed that 83 per cent of the Dutch people were against working mothers who had children of school age (Morcee, 1994:28). By the 1970s, however, although women were still considered ultimately as the principal child care parent, they began to exert the right to develop their own potential. Dutch working mothers in the 1980s have increased their working autonomy, but, as Morcee argues, their coping and emotion-regulating strategies have become more intense and their entry into the labour market can be considered more of a 'quiet revolution' (1994). Further research shows an underclass in Dutch society, including women, emerging during the period of high unemployment in the Netherlands during the 1980s (De Graff and Ultee, 1991). Conducting an event history analysis, these researchers revealed that three types of predictor variables emerged for the probability of transition of this underclass' move from unemployment to employment: individual factors, spousal characteristics and contextual factors (1991). Therefore, a woman's marital status and partner's employment status, along with education, experience and other contextual factors strongly influenced her labour force activities. Again, this is in line with the Liberal Feminist Theory, which we discuss in depth in the next section.

As in Sweden, sex segregation is also present for working women in the Netherlands. Tijdens (1994) examined departmental, hierarchical and occupational sex segregation using a survey of 1,264 females in clerical and secretarial jobs in the Dutch



manufacturing industry. Evidence of the presence of all types of sex segregation was found, with occupational sex-typing being the most prevalent and strongly related to the higher likelihood of women working part-time. With the current deregulation of labour markets in Europe, further evidence shows that there has been a 'levelling-down' of employment protection for women in the Netherlands, welcoming only new casual part-time female workers into the labour market (Huws, 1989: 12). Siegers (1984) examined the unequal distribution between men and women in both paid and unpaid labour in the Netherlands. He argued that the government should set up policies to equalize the distribution of labour, that little progress had been done previously to improve the situation, and, finally, he suggested that affirmative action politics need to be applied.

In summary, women in the Netherlands do not participate as fully in the labour market as women in Sweden. As will be documented in the pages to follow, reasons beyond policy or individual values, such as cultural differences, may attribute to the divergent experience of women in these two countries. Further evidence finds that higher female employment does not necessarily correlate with higher individualistic or egalitarian values of a society. For example, Haller and Hoellinger (1994), in comparing female and gender role attitudes in various countries found that although Hungary has the highest female employment level, they also have the most traditional gender-role attitudes. Therefore, gender-role attitudes influence female labour force participation but also correspond to other sociocultural factors like religious or cultural heritage.

### **III. Theoretical Framework**

#### **1. Liberal Feminist Theory**

Feminist literature comprises two main categories of thought. The first is the Liberal Feminist Theory, which is a feminist theory of inequality. Within this area, theorists examine women's locations in various situations and find that these locations are not only different from, but also less privileged than or unequal to those of men. They observe that women receive less of the material resources, social status, power and opportunities compared with their male counterparts. This inequality is seen to arise from the structural organization (or macro influences) of society, and not from any biological or personality differences between men and women. Liberal Feminism espouses the notion that all persons are equal, and that human beings are essentially rational, self-interest-seeking agents. The only individual differences that they acknowledge result from differences in social opportunities. On the other hand, rationality is a mental capacity held equally within every person, regardless of their sex. Liberal Feminists argue that the theoretical explanation for observed differences between men and women lies in the fact that women realize their full capabilities less frequently, only because they are deprived of essential opportunities, such as education (Fischer et al., 1993). Finally, Liberal Feminists affirm that it is possible to change this gender inequality through the equalization of opportunities (Bird, 1979; Epstein, 1988; Friedan, 1963, 1981; Janeway, 1981; Lippman-Blumen, 1984; Trebilcot, 1973). The key force in fostering the differences between men and women is sexism, which consists of a blend of prejudices and discriminatory practices against women that in turn influence their social destinies.

## **2. Social Feminist Theory**

The second school of thought is the Social Feminist Theory, which falls into the category of theories of oppression. This theory views women as oppressed, not just unequal or different, but actively restrained through socialization and subordinated, created, and maltreated by the patriarchal system. Social feminist theory itself contains a highly diversified number of theories and therefore offers a less substantive or consistent conclusion than liberal feminist theory (Eisenstein, 1979; Hartmann, 1979; Hartsock, 1983; MacKinnon, 1982, 1989; Ruddick, 1980; Smith, 1978, 1987, 1989). Generally, Socialist Feminists seek to combine the two areas of Marxian and radical feminist thought. This has resulted in a concentration of attempting to understand women's oppression within the 'capitalist patriarchy' (Eisenstein, 1979; Hartmann, 1979) as well as setting out to describe and explain forms of social oppression and 'domination' (Smith, 1979). Chodorow (1971, 1978) captures the essence of these thoughts with her comments on gender division by the process of socialization. "An important dynamic of gender division of labour is the process of socialization (Chodorow, 1971) which, in the broadest terms prepares males and females for the fulfilment of different roles; a process which influences the shaping of personality differences" (Chodorow, 1978 in Mills, 1989). In summary, social feminism holds that there are differences between male and female experiences through deliberate socialization methods from the earliest moments of life that result in fundamentally different ways of viewing the world (Fischer et al., 1993). In this view, men and women are not regarded as equal.

## IV. Previous Research

There have been many studies comparing women and men in SMEs. The focus of these studies has been twofold: 1) to discover the differences between male-owned and female-owned businesses, and 2) to investigate significant factors for these differences. The small- and medium-sized business literature has concentrated on three research areas. First, across many industrialized countries, findings consistently show that female-owned businesses financially fall behind male-owned businesses. Another area is the difficulty that female starters encounter when applying for a bank loan. The third area is the study in the value systems of male and female entrepreneurs and the differences between them. The first two areas pertain mainly to the Liberal Feminist thought, while the last area incorporates the ideas of the Social Feminists.

Within the first area, many studies have been published that compare the (financial) performance of female versus male entrepreneurs. Using data from businesses in the United States, Tigges and Green (1992, 1994) found that “sales and incomes of female-owned firms are significantly lower than those of male-owned firms,” but the strongest influence was not sex, but rather firm size, corporate status, years of operation, location, and industrial sector. They also found evidence that compared with male owners, women have less education and experience, are less likely to own manufacturing firms, and are more likely to own businesses operating in personal services (1992).

Loscocco (1991) conducted a literature review on gender stratification in small businesses in the United States and identified similar barriers to women’s success such as: gender segregation; skills deficits; lack of access to capital and government contracts; and, family responsibilities. In this literature review six main differences between men and women business owners became prevalent (Loscocco 1991, Tigges and Green, 1992, 1994):

1. Occupational segregation, i.e. businesses concentrated in female-typed fields that

- traditionally have lower average business incomes than male-typed fields;
2. Female influx to small business is limited to expanding, highly competitive, industrial niches that are unattractive to men and are the least successful of all (home-based labour, personal services);
  3. Lack of technical/managerial experience: women lack prior business and managerial experience as they have usually held nontechnical, nonmanagerial jobs;
  4. Domestic responsibilities are more likely to limit women's time commitment to their business;
  5. Female business owners are twice as likely as men to be unmarried;
  6. The usual underlying barriers generally experienced by other female employees (i.e. pay equity, nonpromotion) are compounded in small business.

The main factor influencing the success of businesses, therefore, does not appear to be inherent biological differences between the sex of the owners. Rather, women seem to be burdened by structural influences such as occupational segregation, lack of experience, coupled with the often competing responsibilities at home and at work.

The second area of research concerns the difficulties that women encounter when they apply for a bank loan to start a business. The research findings in this area, however, are not consistent. Some studies find that women are treated differently than men when applying for a loan, while others find no such discrimination. Fay and Williams (1993) found that women experience sex discrimination when seeking start-up capital. They state that this discrimination may not be intentional, rather that it is unconscious and embedded in western culture. Conversely, Butner and Rosen (1989) found no support for the allegations of female entrepreneurs that loan officers discriminate in their funding decisions. This contradicted their previous study (Butner and Rosen, 1988), which showed that loan officers view women as lacking important entrepreneurial characteristics, including leadership, autonomy, readiness for change, and endurance.

Other studies are mainly concerned with the different ways in which female and

male entrepreneurs conduct their businesses. This research is mainly behavioristically oriented. Dawson (1995) found that men and women differ considerably in their moral reasoning processes, regardless of the final decision that they ultimately make in given circumstances. She foresees that the increased influence of women in organizations will cause changes in the perceiving and resolving of ethical problems. Olson and Currie (1992) found a high degree of similarity among the women's value systems, regardless of what type of business strategy they chose. This did not support their hypothesis of a direct relationship between female entrepreneurs' personal value systems and the strategies they choose. Unfortunately, they did not include male entrepreneurs in their study. Fagenson (1993) discovered that an individual's sex had very little influence on their value systems. Rather, the study showed that there are vast differences between the value systems of managers and those of entrepreneurs. Overall, it knowing whether an individual is an entrepreneur or a manager may be a better indicator of their values than knowing whether an individual is male or female. Once again, sex does not appear to be the primary indicator of differences. Therefore, sex-role stereotyping itself can lead to sex discriminatory decisions.

From this literature review, it became apparent that this previous research often lacks a set of strong theoretical assumptions on the differences between men and women whereon researchers can base their hypotheses. This atheoretical work gives little guidance for researchers, which is subsequently reflected within their findings. Fischer et al. (1993) already stated that many studies can be ordered according to the two feminist theories explained in the previous section: Liberal Feminism and Social Feminism. These two types of feminist theory can also be applied to our analysis to aid in the explanation of differences between male and female entrepreneurs and to provide a basis whereon we can postulate our hypotheses.

## V. Hypotheses

Recently, Hubbard and Armstrong (1994) advocated fiercely for the need to conduct more replications and extensions of earlier studies, for these are vital for knowledge generation in any field of research. This is a comment that also holds for the field of gender studies. According to Hubbard and Armstrong (1994), the main strength of a replication or an extension lies in their contribution to the assessment of the validity, reliability, and generalizability of empirical findings. Rosenthal and Rosnow (1984) also state the importance of replications in their statement: “Replicability is almost universally accepted as the most important criterion of genuine scientific knowledge”. We feel that these notions are very important and, therefore, we follow Fischer et al. (1993) when defining our hypotheses. Although we attempt to stick to their design, there are some differences in the operationalization of the hypotheses as well as new hypotheses. This makes this study not a pure replication, but a replication with extension, according to Hubbard and Armstrong’s (1994) definitions. The present study contributes to the body of knowledge in the field by either confirming and/or contradicting the proof found by Fischer et al. (1993).

Fischer et al. (1993) found mixed support for the liberal and social feminist theories through their analysis of a sample selection of 136 (11 female) manufacturing firm owners, 156 (29 female) retail firm owners and 216 (20 female) service firm owners in Canada (1993). Showing partial support for the liberal feminist theory, female entrepreneurs did not have less education, but did have less opportunity to gain experience than men. Marginal support was gathered for the social feminist theory in that women showed greater financial motivation than men. However, this finding does not give full support to social feminist theory since they argue sex differences exist in more lifestyle-oriented motivations, not financial ones. Our study specifically modifies and replicates three of Fischer’s hypotheses (our H2, H3 and H4), while adding further

hypotheses (our H1, H5 and H5a) coupled with additional explanations. It is our hope that this study will generate more information on the validity of the two feminist theories for the explanation of differences between female and male entrepreneurs.

The focus of this study is to test both the Liberal and Social Feminist Theories in female- and male-owned SMEs in Sweden and in the Netherlands analogous to Fischer's (1993) study. This means a restriction to the four hypotheses postulated below. We realize that many potential hypotheses can be tested within the two theories, but this lies outside the realm of this study. Some additional hypotheses could relate to the difficulties female entrepreneurs encounter when starting their business, in getting a bank loan in relation to male starters, or to the quality of education of female entrepreneurs, or to their marital status. The three hypotheses that we test within the Liberal Feminist Theory are the following:

**H1:** Firms managed by women will be smaller than firms managed by men.

**H2:** Women will leave full-time education earlier than men.

**H3:** Women will have less relevant experience than men.

These hypotheses stem from the Liberal Feminist's idea that women are systematically less likely to have access to valuable, self-potential-maximizing opportunities. Due to this minimized access, women are prone to have less education and experience and will be employed in smaller companies.

The fourth hypothesis tests the Social Feminist Theory. Again, there are many more hypotheses possible within this theory, such as opinions about family life or social responsibility, but we adhere to statements about doing business, analogous to Fischer et al. (1993) Hypothesis 4 reads:

**H4:** Women will have different opinions about doing business than men.

This last hypothesis will test whether the disparate socialization of men and women and the subsequent oppression of women within the capitalist system conditions each sex to run their businesses differently.



## **VI Methodology**

### **1. Sample**

We use a subset of the data collected as part of the INTERSTRATOS project for the empirical part of this research. INTERSTRATOS (INTERnationalization of STRATegic Orientation of Small- and medium-sized enterprises) is a joint research project of research institutes in Austria, Belgium, Great Britain, Finland, the Netherlands, Norway, Sweden, and Switzerland. The purpose of the INTERSTRATOS project is to gather and analyse a data set with respect to the degree of internationalization of small- and medium-sized manufacturing firms in Europe. Five branches are represented in the survey: textiles and clothing, electronics, food, furniture making, and mechanical engineering and manufacture of metal products.

The subset of this large database which we use in this study consists of the data gathered in Sweden and the Netherlands. For reasons of sample size, we also restrict our sample to those surveys which the entrepreneurs have filled in themselves. This is necessary, as we will be testing opinions which are by definition personal. If we want to test differences between male and female entrepreneurs, we must have the answers of the entrepreneurs in person. We will conform to the INTERSTRATOS definition of SMEs, as we will be using their data set. This means that for an SME the cut off point is at 500 employees. Therefore, the sample will consist of male and female entrepreneurs of Swedish and Dutch companies with no more than 500 employees.

## **2. Sample Characteristics**

In this study, we work with two samples, as we want to test the hypotheses separately for Sweden and Holland. The Dutch sample consists of 384 entrepreneurs of whom 95% are male (364 entrepreneurs) and 5% are female (20 entrepreneurs). In Sweden the picture is quite similar. The total sample consists of 567 entrepreneurs, of whom 92% are male (520 entrepreneurs) and 8% are female (47 entrepreneurs).

One characteristic of the sample is the business sector that the entrepreneurs work within. Table 1 presents the numbers and percentages of entrepreneurs that are working in the different sectors in the Netherlands and Sweden. With the help of a simple chi-square analysis, we found a significant difference between Dutch male and female entrepreneurs with respect to the sectors. Unfortunately, the power of this test is not very high if more than 10% of the cells are under the expected frequency, as happens here. So there is only a weak indication that Dutch female entrepreneurs are more employed in the textiles and clothing business, whereas Dutch male entrepreneurs find themselves more often in the food and mechanical engineering sectors. Although the support is weak due to the lack of power of the test, this is consistent with the arguments raised by the Liberal Feminists, who argue that women are encouraged to enrol in a less ‘practical’ type of education and to enter jobs that require fewer technical skills (Fischer et al., 1993).

Sex	Textiles and Clothing		Electronics		Food		Furniture Making		Mechanical Engineering	
	Nl	Sw	Nl	Sw	Nl	Sw	Nl	Sw	Nl	Sw
<b>Male</b>	41	97	70	97	37	103	46	85	170	138
	11.3	18.7	19.2	18.7	10.2	19.8	12.6	16.3	46.7	26.5
<b>Fem.</b>	10	9	4	13	0	10	3	7	3	8
	50.0	19.1	20.0	27.7	0.0	21.3	15.0	14.9	15.0	17.0
***										

Table 1 Sex by industrial sector in the Netherlands and Sweden

This table also shows the distribution of Swedish male and female entrepreneurs over the sectors. There are no indications that there are significant differences between the Swedish males and females with respect to the sector.

We also established the status of the firm (independent or not). The definition of a family business is “a firm that is family owned for more than 50 percent” (INTERSTRATOS). We checked if the firm is a subsidiary of another firm or if it is an independent firm. We found no differences between female and male entrepreneurs, when looking at the status of their firm. The same holds for the question if the firm is a family business or not. Female entrepreneurs are neither more nor less occupied within family businesses than male entrepreneurs.

## VII Testing the Two Feminist Theories

### 1. The Liberal Feminist Theory

The respondents were asked to report the number of full-time employees of their firm, their own age of leaving full-time education, and the years of experience they had in the sector. Table 2 presents the mean of these variables for female and male entrepreneurs both in the Netherlands and in Sweden.

Variables	Nl~male	Nl~female	Sw~male	Sw~female
# employees	33	10 (***)	52	21 (***)
fulltime education	24	20 (***)	28	21
years of experience	19	15 (***)	22	18 (***)

Table 2 Mean number of employees, age of leaving fulltime education, and years of experience by sex, the Netherlands and Sweden

We employed a t-test to test if there were any significant differences between the two groups. There appears to be strong support for two of the three hypotheses in both countries, at a 90 percent significance level, while the second hypothesis is only supported in the Dutch sample. Both in the Netherlands and in Sweden, female entrepreneurs run smaller companies and have fewer years of sector relevant experience than their male counterparts. In the Netherlands an additional difference is found, namely the age of leaving full-time education. Female entrepreneurs in the Netherlands leave their full-time education at the age of twenty, while the male entrepreneurs leave education

four years later, on average. These findings are consistent with the Liberal Feminist Theory, which states that women have fewer opportunities than men to actualize their potential rationality. The results support the hypothesis that female entrepreneurs in the Netherlands and in Sweden have access to fewer opportunities measured by their education, experience and the size of their firm.

## **2. The Social Feminist Theory**

The hypothesis derived from the Social Feminist Theory is tested with the help of a list of statements in the INTERSTRATOS survey. These twelve statements all touch upon a different aspect of 'doing business'. The respondents were asked to express their opinion on the following statements:

- 1) The government should not restrict competition even through the use of incentives.
- 2) Professional bodies and similar organizations should only provide assistance to their members.
- 3) Changes in a business should be avoided at all costs.
- 4) A firm should not leave the region where it is established.
- 5) Jobs should be clearly described and defined in detail.
- 6) Managers should plan rather than follow their intuition.
- 7) Firms should only introduce proven office procedures and production techniques.
- 8) In family owned businesses the management should stay in the hands of the family.
- 9) Small firms should not hesitate to do business with large firms.
- 10) Small-business managers should take personal responsibility for the recruitment of all employees.

- 11) A manager should consider ethical principles in his behaviour<sup>2</sup>.
- 12) Business should take precedence over family life.

The answer possibilities were ranked according to a Likert-scale, with '0' being no answer, and '1' to '5' being 'I strongly disagree', 'I disagree', 'No opinion', 'I agree', and 'I strongly agree', respectively. The Mann-Whitney test was used to test the hypothesis that there exists a difference between the opinions of male and female entrepreneurs. We used this procedure to compare the distribution of values between the two groups of Dutch and Swedish women as a nonparametric alternative to the t-test, as the Mann-Whitney test only requires the minimum of an ordinal level of measurement.

The only differences found between the Dutch male and female entrepreneurs relate to statements 2 and 8, at a significance level of 90 percent. The results indicate that the female Dutch entrepreneurs disagree more strongly with statement two than the male entrepreneurs. They feel that professional bodies should provide assistance to more entrepreneurs than just their members. With respect to statement 8, we can conclude that the Dutch female entrepreneurs are more convinced than the Dutch males that the management of family businesses should stay in the hands of the family. With significant differences found on a mere two statements out of a possible number of twelve, only weak support can be found for hypothesis 4.

In Sweden, not even weak support is found for hypothesis 4. The only conclusion to be drawn from the Swedish subsample is that we have to reject hypothesis 4. There are no indications for differences between the Swedish female and male entrepreneurs in their opinions on the statements.

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<sup>2</sup>The phrasing of this question in the questionnaire which refers to a manager only in the masculine form is somewhat ironic, but supports our discussion that upper echelon positions are widely believed to be held only by men.

### 3. Summary

Table 3 shows a summary of the findings on the four hypotheses. Both the Dutch and the Swedish data support hypotheses 1 and 3. Hypothesis 2 is only supported by the Dutch data. It appears that the Liberal Feminist Theory has some very valid ideas for explaining the differences between male and female entrepreneurs in the Netherlands and Sweden. On the other hand, the Social Feminist Theory receives little support in these two data sets.

Support		
	Netherlands	Sweden
H1: Firms managed by women will be smaller than firms managed by men	Strong	Strong
H2: Women will leave full-time education earlier than men	Strong	No
H3: Women will have less relevant experience than men	Strong	Strong
H4: Women will have different opinions with respect to doing business than men	Weak	No

Table 3 Summary of the findings

## **VIII Cultural Explanation**

Although the Social Feminist Theory predicted a difference between men and women in their opinions and views of the world due to the different socialization processes of men and women, this study does not find support for this hypothesis. Out of twelve statements tested in two countries, only two statements provide weak support.

A possible explanation for this can be found in the literature on cultural influences. In this stream of research, evidence has been found that the differences in the opinions of entrepreneurs stem from dissimilarities in their cultures. In other words, this means that sex is not the only factor responsible for a difference in the socialization process of human beings, but that culture influences the course of socialization. Thus, these cultural differences result in dissimilarities in the values, norms, and opinions of people (Hofstede 1980, and Ronen and Shenkar 1985). Hofstede (1980) found differences between several countries on four dimensions: 'Power Distance', 'Uncertainty Avoidance', 'Individualism', and 'Masculinity'. These dimensions are said to have an impact on business life and on the way people form their opinions.

The hypothesis that can be derived from this literature is that not only is it the difference in sex that causes opinions to differ (as the Social Feminist Theory holds), but that issues such as culture cause the differences. Although Hofstede situates Sweden and the Netherlands in the same cluster of countries, he finds some differences between the two countries on the individual dimensions. The scores of Sweden and the Netherlands on these dimensions are presented in Table 4.



	Power Distance	Uncertainty Avoidance	Individualism	Masculinity
Netherlands	38	53	80	14
Sweden	31	29	71	5

Table 4 The scores of the Netherlands and Sweden on the four dimensions distinguished by Hofstede (1980)

The largest difference can be found on the ‘Uncertainty Avoidance’ dimension. Hofstede finds that Dutch people are more resistant to uncertainty than Swedish people. This means that Swedish entrepreneurs are more inclined to take risks than Dutch entrepreneurs. These findings lead us to hypotheses 5 and 5a:

**H5:** Swedish female entrepreneurs will have different opinions with respect to doing business than Dutch female entrepreneurs, and

**H5a:** these differences will mainly stem from the fact that Swedish female entrepreneurs will be more risk-taking than Dutch female entrepreneurs.

The same twelve statements that we used in testing hypothesis four were used to test this fifth hypothesis. The sample now comprises the Swedish and Dutch female entrepreneurs. The Swedish women are represented by forty-seven female entrepreneurs (70% of the sample), and the Dutch by twenty female entrepreneurs (30% of the sample). We used the Mann-Whitney test again to find significant differences between the two countries.

Out of the twelve statements, 4 statements were found to reproduce different answers by the Swedish and Dutch female entrepreneurs, thus weakly supporting hypothesis 5. These 4 statements are:

- 2) Professional bodies and similar organizations should only provide assistance to

their members.

- 3) Changes in a business should be avoided at all costs.
- 4) A firm should not leave the region where it is established.
- 7) Firms should only introduce proven office procedures and production techniques.

The results suggest that Dutch female entrepreneurs expect help to more than just the members from professional bodies than their Swedish counterparts. The Swedish female entrepreneurs disagreed more strongly with the other 3 statements than the Dutch. This can be an indication of a higher conservatism among the Dutch female entrepreneurs. They believe more often that they should avoid changes, that a firm should stick to its region, and that firms should only introduce proven office procedures and production techniques. This supports hypothesis 5a: Swedish entrepreneurs are more risk-taking than the Dutch entrepreneurs.

## **IX Discussion and Further Research**

Only one of the two dominant feminist theories seems appropriate in explaining the differences between male and female entrepreneurs. Consistent with the Liberal Feminist Theory, female entrepreneurs in Sweden and in the Netherlands have fewer opportunities to exploit their capabilities. Although they leave school at an earlier age (not supported in Sweden), they have less relevant experience in the sector in which they are working. A possible explanation is that female entrepreneurs switch between sectors more often, or that they do not start working immediately after leaving school for reasons such as marriage or child rearing. In addition, female entrepreneurs generally manage smaller companies than male entrepreneurs. This means that they have fewer opportunities to capitalize on their capability of managing a larger firm. If more governmental policies are aimed at improving education or working conditions for women, the differences between the two sex-types are likely to disappear in the future, according to the Liberal Feminist Theory. On the other hand, results from Sweden show that despite these policies, women are still disadvantaged in areas of income, opportunity for supervisory positions and occupational segregation. This could mean that not only opportunities should improve, but that a mentality shock is also needed. The way in which people look at working women might be an important factor in the quality of labour force participation of women.

Our data do not support the second theory espoused by Social Feminists. The results do not show any differences between female and male entrepreneurs in their opinion on various statements dealing with conducting business. Of course, this is only a limited subsample of all possible issues that men and women can differ on, so we might have been testing nonrelevant statements. On other aspects of life, perhaps the more ‘emotional’ issues, men and women might differ very much, adapting less to the other

gender. The question is if these differences are reflected in the way female and male entrepreneurs conduct business. Unfortunately, our data set does not enable us to research this question.

Another explanation could be related to self-selection as we are testing the attitudes of managers. Since female managers are small in number and therefore rare within the majority of women, it is a possibility that these women could exactly hold attitudes that resemble more traditional male gender ideals, not the mind set held by the large number of their female counterparts that did not reach this typically male position of power. So, an explanation of this nonsupport might be that the opinion of male and female entrepreneurs with respect to doing business is quite similar. This could be related to the sex-gender difference. Most studies, including this one, tackle gender issues by examining differences between males and females. Although this implies a one-on-one relationship between sex and gender, this might not be the case. Sex is a biological variable, given with birth, while gender resembles a social characteristic, which is accepted during life. Therefore, a human being with the sex 'female' might adapt into a 'male' gender, accepting opinions and lifestyles categorized as belonging to the male gender. So, in order to survive in the 'male' business world, female entrepreneurs could have adapted to male gender opinions concerning business, which could explain our nonfindings.

Pondering further on the opinions of the entrepreneurs, we found another explanation for possible differences in opinions in the literature on 'cultures'. In this, sex is not the relevant factor to look at when defining differences in opinion, but rather the cultures within which the entrepreneurs are embedded. Even between quite similar countries, such as Sweden and the Netherlands, significant differences are found. This is in accordance with the scores Hofstede (1980) finds for the four dimensions of culture he distinguishes. The main dissimilarities are for the higher scores of the Dutch female entrepreneur on the UAI (Uncertainty Avoidance) dimension. Again, sex is not necessarily the main cause of

the differences, but the culture may be the more decisive indicator through the socialization process of people.

As mentioned above, this analysis is exploratory as it does not take the discussion further to consider possible implications of the differences between male- and female-owned SMEs. Exploring the implications of the differences found in this paper would prove to be fascinating. For example, if women did begin to participate equally with men in business, what would be the implications of this? Increased participation and success could result in changes in certain demographic variables, such as higher degrees of residential mobility, new lifestyle and nutritional habits, increased duration of work time, possible higher rates of divorce or of never-married women, postponement of childbearing or lower fertility, overall increase of social stress, or higher emotional/psychological satisfaction and well-being. Whereas previous research has focused on the negative effects of women participating in the labour force, such as increased risk of coronary heart disease (Brezinka and Kittel, 1996) or the lowering of fertility rates, looking at certain positive effects would also be useful. For example, the case of Sweden appears to contradict the traditional negative findings. In Sweden, not only has increased female labour force participation occurred in tandem with increased fertility, but some studies even find that women are experiencing overall better psychological health, improved survival chances and reduced mortality as a result of their entry into the labour force (Vagero, 1994). For the purposes of this study, however, these questions must currently remain unanswered. This would be an interesting undertaking during a follow-up study.

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